

Report On the 2nd Segment of the
Computerization of Microfinance
Institutions in Mali

Submitted to:

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Computerization of Microfinance Institutions in Mali



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I. Executive Summary

Computerized Microfinance MIS for Mali is a key component of the Microfinance Development program in Mali funded by USAID and implemented by Weidemann Associates, Inc. It is within the framework of the Microfinance National Strategy (MNS) and Work Plan adopted by the Government of the Republic of Mali and its partners on May 25, 1998. This assignment, the MIS research component, strengthens Micro Finance Institutions (MFIs) in Mali by providing guidance in selecting effective automated accounting, loan portfolio and deposit management and overall MIS. This assignment is also part of USAID and Weidemann Associates, Inc.'s technical assistance and institutional and organizational strengthening of the *Association de Professionnelle Institutions de Microfinance* in Mali (APIM).

The work discussed in this report represents the second part of the task for the MIS component. In the first segment, consultants collected MIS requirements based on indigenous MFI criteria together with guidelines from the Microenterprise Best Practices "Management Information Systems for Microfinance – An Evaluation Framework" (MBP/MISM/EF) for the different types and sizes of MFIs operating in Mali. The consultants used the guidelines to evaluate the existing Microfinance computer systems used by these MFIs in Mali and compared their features to each other and to the requirements. Weidemann Associates, Inc. then published a guide with these findings to assist MFIs in choosing the best fitting computer system.

This second segment of the MIS study evaluates three systems used outside of Mali (marked with an * in Table 1) and compares them to the systems evaluated in Mali. The purpose was to find systems that better meet Mali microfinance institutions' (MFIs') MIS requirements. A draft review of this analysis has been forwarded to the USAID Mission (SEG) team in Mali. Table 1 shows the ratings of all the systems assessed in the first and second segments of this assignment and how close they come to meeting Malian MFI management information system requirements:

Table 1: Overall System Comparison

System	Rating
Bankers Realm *	90%
Bank2000*	90%
Mercury*	77%
SiBanque2	75%
SiBanque1	70%
MicroBanker2	68%
MicroBanker1	66%
AMADEUS	63%
NYETA MUSOW	60%
CVECA	49%



The Mercury system was evaluated in the US by reviewing the software on line and speaking to the developers at CCCorp in Utah. Bank2000 and Banker's Realm were reviewed with Software Strategy's General Manger and a MACCO Systems Engineer in Kenya. QuickBooks financial management software was also reviewed in the US for potential application, but was declined for further evaluation. The evaluation results from Mercury, Banker's Realm, and Bank 2000 were then cross checked in Mali to complete the analysis and entries to update the guide, using the same processes used in as the first segment of the assignment.

The second segment of this survey is successful because it yields three MIS that are stronger than the systems assessed in the first segment. Although the three new systems accessed rate higher, their base price is substantially more than the leading system from the first study (Sibanque2). No system surveyed meets 100% of the functional and technical criteria, but developers such as those of Bankers Realm and Bank 2000, are willing to work with MFIs in Mali to meet 100% of their requirements.

Service after sale remains a critical concern. The systems assessed are supported from outside of Mali by developers with varying support records. The location of support bases is the major issue, creating potentially devastating down time. Weidemann Associates, Inc. recommends service support that is based in Mali for the software(s) selected by MFIs in Mali. During this segment of the assignment, the consultants initiated dialogue between CCCorp and Software Strategy, APIM, and local commercial IT businesses to introduce the service bureau concept. The main objective of a service bureau would be to represent the system provider, provide technical support, and promote the software in Mali. The secondary objective is to make available equipment and personnel to serve MFIs that do not have access to electrical power and equipment, on an outsourcing basis.

Software development continually evolves to produce new products and capabilities. It is possible that there are still systems used in or outside of Mali that would better meet the established criteria. In addition, the systems introduced in the guide may evolve to meet required standards. The guide therefore serves as a framework that may be amended as existing systems are upgraded and/or reevaluated, additional systems are introduced and reviewed, and additional needs are identified. The guide remains open to incorporate an even more complete array of options. In this respect, the guide is part of an ongoing process as automated MFI MIS systems evolve in Mali.

The MIS systems guide is the principle delivery of this assignment. This guide is updated to incorporate Mercury, Bankers Realm, and Bank 2000's evaluation results, conclusions, and recommendations, as guidance for MFIs in selecting MIS. The finding from the assessments of these systems, performed during this segment of the assignment by the national consultant Abdourhamane Toure and the international MIS consultant, Robert Wilson, are addressed in this report.



II. Functional and Technical Assessment of Systems

The consultants assessed three systems and included these systems into the guide, along with the other seven systems assessed during the first segment of this assignment. The three new systems assessed are Bankers Realm, Bank 2000 and Mercury. Table 1, in the Executive Summary, shows how these systems compare, to the first seven systems evaluated, in meeting Malian MFI MIS requirements:

The Bankers Realm System

Software Strategies (SS) in Kenya represents Bank 2000 and Bankers Realm (BR) for the African market. The BR system is a new centralized/decentralized Visual Basic banking system, based on the developer's older Bank 2000 system. MACCO of San Diego first developed the Bank 2000 system in 1989 for Indian banking clients. SS has since installed and supports Bank 2000 in 14 banks, two MFIs in Kenya, and a French version in an MFI in Rwanda. Two commercial banks have upgraded to BR since October 2000. BR is not yet translated to French and does not fully incorporate the French banking system. SS, however, has expressed interest in vending and supporting French versions of this product to MFIs and banks in West Africa, and in particular, Mali. The software may be translated to French within one week of receiving an order for a French version. BR runs on Windows NT and Lynx platforms, and is delivered with a secure MS SQL Server database.

The Bankers Realm system is a Windows version of the Bank 2000 system with several substantial enhancements. It is designed to provide customized level of information for the individual user, serving as an excellent executive decision making database. In addition to the usual accounting functions, special account conditions or requests for automated processes can be set up for clients or accounts to include conditional messages such a notification of exchange rate opportunities, fund transfer, and excess funds transfers to an interest bearing account ("sweep in sweep out" functionality). The system also contains signature, fingerprint and picture imaging for clients and for collateral items and equipment (serial number imprints). The user may graphically structure the chart of accounts, using ProtoView tree view (explorer type) menu for reporting purposes without having to remember codes. The developers designed the system to make minimal use of the mouse in data entry screens. This maintains the same fast work speeds to which Bank 2000 operators have become accustomed. The BR system is open to branches using Bank2000, allowing easy batch transfers and total data transfer when upgrading from Bank 2000 to BR.

In centralized and decentralized modes, BR integrates institutions' client loan tracking and saving operations with internal accounting operations, to include budget management and cash flow projections. While mostly used to manage banking operations, BR is adaptable, with the application of select modules, to the management of smaller Microfinance institutions.

BR uses the Microsoft SQL database that provides higher security protection of the data than MS Access and other database systems. The system uses a three-tier architecture, split between the user interface, business design (source code) and database. The source code and database are protected from the user interface by a firewall. Secure SQL server database tables,



used in BR, are directly exportable to database management software and spreadsheets such as Lotus and Microsoft Excel, Access and other database management formats. The system has extensive reporting capabilities and currently produces more than 130 reports. Crystal Report Writer may be used to access the data for additional custom report creation.

The Bank 2000 System

The Bank 2000 system is a proven decentralized banking system. Bank 2000 is a DOS system that has evolved since its first Kenya rollout in 1994, to a highly accommodating system by adapting to the change and enhancement requests from of its clients. Software Strategies has installed, and supports Bank 2000 in 14 banks and two MFIs in Kenya (K-REP Kenya Rural Enterprise Program and the Equity Building Society) and a French model in an MFI in Rwanda.

Bank 2000 integrates institutions' client loan tracking and saving operations with internal accounting operations, to include budget management and cash flow projections. The consultant interviewed the General Managers and IT personnel of Bank of Baroda and Kenya's leading MFI; K-REP Bank. These persons all regard Bank 2000 as a highly sophisticated, robust and adaptable MIS. While Bank 2000 is widely used to manage banking back and front office operations, the system is adaptable, without programming modifications, to the management of smaller Microfinance institutions in Mali. A parent institution may use the system to manage branch activities since the system accepts batch transmissions and paper input submitted by the branches.

Bank 2000 is written in FoxPro programming language and the developers use C+ to encrypt its database for security. The data tables used by Bank 2000 are exportable in ASCII format for transfer to database management software and spreadsheets such as Lotus, Microsoft Access, Excel and other database formats. The system has extensive reporting capabilities. Report Writer and Crystal Report Writer software may be use to access the system's data for additional custom report creation.

Mercury

The Mercury credit union/banking system is in the advanced stages of development by Computer Consulting Corporation (CCCorp). Mercury is a Windows system and an advanced release of the CCCorp's older Director Credit Union software. Director is a DOS banking system that has been used by financial institutions in the US, Caribbean and Latin America for at least 20 years. Mercury is recently installed in production mode in 11 institutions, in the US, and is considered a highly efficient financial management tool by CCCorp.

Mercury integrates institutions' client loan tracking and saving operations with internal accounting operations such as payroll, but does not yet perform budget management. The software is highly sophisticated and may be easily used to manage banking operations, yet adaptable, with programming modifications, to the management of smaller Microfinance institutions in Mali. The system may be used by a parent institution to manage branch activities, and will accept batch transmissions submitted by branches. The data tables used by Mercury are exportable and compatible with Microsoft Access, Excel and dBase formats. The system has



extensive reporting capabilities and Crystal Report Writer may be purchased to access the data for additional custom report creation.

System Comparisons by Category

Table 2 provides more detail on how these three MIS systems compare to each other in meeting the MIS requirements of MFIs in Mali, and to other systems. The assessment provides a summary chart of the first level (category) comparisons and is included in the guide.

Table 2: Systems Comparison by Category

Category	Systems									
	AMA	BOO	BR	CVE	MRY	MB1	MB2	NYT	SB1	SB2
Data entry into the system	67%	88%	89%	42%	84%	80%	81%	70%	77%	78%
Functions and Flexibilities	63%	99%	97%	29%	80%	71%	74%	44%	65%	73%
Usability	51%	96%	99%	46%	89%	44%	45%	50%	59%	65%
Reporting	73%	95%	97%	48%	86%	78%	77%	71%	72%	86%
Standards and Compliance	73%	93%	93%	51%	50%	72%	72%	66%	83%	87%
Administration and Support	46%	92%	93%	31%	88%	60%	65%	31%	60%	47%
Technical Specifications and Correctness	61%	98%	99%	74%	93%	56%	63%	75%	58%	81%
Costs	71%	56%	52%	74%	48%	67%	68%	74%	86%	86%
Average Totals	63%	90%	90%	49%	77%	66%	68%	60%	70%	75%

Legend:

AMA = Amadeus B00 = Bank 2000 BR = Bankers CVC = CVECA Pays
MRY = Mercury MB1 = Microbanker1
MB2 = Microbanker2 NCT = Nyeta Musow SB1= Sibanque1 SB2 = Sibanque2

Weidemann Associates, Inc.'s experience has shown that often an MIS that appears to cost less initially, actually costs more on installation. Added and unexpected cost is due at times to technical difficulties, data conversion and localization. MFIs may have to bear these costs directly or indirectly through opportunity costs due to system downtime. Weidemann Associates, Inc. finds that it may be more helpful for MFIs to evaluate the systems analyzed based only on functional and technical issues without considering the cost of the system. The reason for this is that the actual cost of fully adapting and installing, doing data transfer and training staff and maintain the system can be significantly different than the up front stated price. In addition, two of the systems are substantially subsidized and it is not clear how much longer the current level of subsidy will be available. Because of this, the following analysis (amongst others) has been provided in the updated version of the guide:



Table 3. System Comparison Without Cost Considerations

System	Grade
AMADEUS	62%
CVECA	46%
MicroBanker1	66%
MicroBanker2	68%
NYETA MUSOW	58%
SiBanque1	68%
SiBanque2	74%
Mercury	81%
Bank 2000	94%
Bankers Realm	95%

QuickBooks

QuickBooks is an accounting software that is quite popular among small businesses. A Weidemann Associates, Inc. consultant installed the system in two Malian MFIs (CANEF and Soro Yiri Waso) to computerize their operational accounting. The consultant also tried to adapt the software to meet some of the organization's basic loan tracking requirements. He then presented this initiative at the Weidemann Associates, Inc.'s headquarters in Virginia to demonstrate how this software may potentially be used for tracking savings and loans.

Based on this demonstration and a subsequent overview of the software, we find that although the software may be configured to identify accounts for loan and savings transactions, the software is not specifically designed for this and becomes too cumbersome in its approach. Because the software is not designed to manage loan and savings portfolios, the interface does not aid the user in setting up accounts to do so. Thorough knowledge of the software is necessary to configure it to perform even basic portfolio management.

The user may set up the system to accept some of the required client and account information and to maintain principal and interest information by groups. It is difficult, however, to set up different loan products, and to accommodate payment scheduling, delinquency management, grace periods, loan suspensions and other such portfolio management requirements. The system is currently in English, and does not adapt to the French accounting system. QuickBooks may use USD fields to simulate CFA formats, but it does not adapt well to multiple currencies.

Custom reports may be made in QuickBooks, but because many of the fields that are required for reports unique to Mali, are not available in the system, many of the necessary reports cannot be compiled. QuickBooks, however, may be configured to track loan officer performance. The system performs backups and restores data well, is password protected, and is otherwise robust. The support base for QuickBooks is excellent, but is in the US. The hotline is therefore costly to access and use and naturally more difficult for French speakers.



The greatest advantage to QuickBooks is the cost. The disks containing QuickBooks may be obtained for about \$250.00. Although the system will not perform as other systems assessed, it may be a temporary solution for a small MFI that wants to make the first step from manual to automated transaction processing. QuickBooks did not warrant further investigation for this study and it was not assessed with the detail used to evaluate the other systems, nor was QuickBooks included in the guide as recommended software.

1. Cost of Systems

Bankers Realm

Software Solutions will provide Banker Realm to Mali's MFIs preferably as an upgrade to Bank 2000. The Bank 2000 license at a headquarter location is \$45,000. Each branch under the headquarter MFI can then obtain a license for \$25,000. The price difference between Bank 2000 and BR is an additional \$15,000 for headquarters' licenses and \$10,000 for branch licenses. Purchasing BR without Bank 2000 will cost \$60,000 for headquarter use and \$35,000 for branches. Since migration from Bank 2000 is seamless, SS recommends that organizations start with Bank 2000, then upgrade to BR. This may be to their financial and technical/ training advantage. The MFI has the option of reducing the cost by not purchasing some of the software's functions from a menu of functional modules. The absolute minimum cost of the software for a headquarter location is \$25,000, which will provide only basic loan and savings logging and tracking facilities, and which may not be sufficient for the typical MFI in Mali. BR is delivered in English, and localization, apart from language will be required.

The purchase price of the software includes installation, which would involve, 2 weeks for training, one week for customization, two weeks for data migration, 3 days for implementation and support for 1 year. This estimate changes with the number of branches purchased since there would be more staff to be trained if multiple branches receive the software. The MFI, however, will be responsible for paying the cost of travel and incidentals for one of Software solutions staff to perform the installation. Travel and incidentals will include airfare to and from Kenya, lodging in Bamako, per diem, and local transportation. Travel and incidentals are estimated at \$6000. Software support after the first year will be billed at 18% of the purchase price. Software support covers trouble shooting for data or program error, assistance to repair data errors, repairs to source code errors, minor enhancements, custom report creation and any necessary reinstallation. There are no additional administrative costs. The outright purchase of the BR source code will cost \$500,000, with support after sale. Documentation and on-line help is included free of charge. The cost for new releases to Bankers Realm will have to be re-negotiated at an upgrade price, but Software Solution currently asks \$15,000 for headquarter upgrades and \$10,000 for branches. Software Strategies considers a new upgrade/release to contain different functional approaches, to be possibly written in a different programming language, to be different in design and/or to contain a substantial set of new functions. Such differences exist between Bank 2000 and Bankers Realm.



Bank 2000

Software Solutions will provide Bank 2000 to Mali's MFIs' headquarter locations for \$45,000. Each branch under the MFI's main office can then obtain a license for \$25,000. The MFI has the option of reducing the cost by not purchasing some of the software's functions from a menu of functional modules. The absolute bare cost of the software is \$25,000, which contains only basic loan and savings tracking and reporting, and which may not be suitable for MFI's in Mali. Bank 2000 is delivered in English and French. Localization will be required, to bring the software to Mali's MFI requirements.

The purchase price of the software includes installation that would involve, 2 weeks for training, one week for customization, two weeks for data migration, 3 days for implementation and support for 1 year. The MFI, however, will be responsible for paying the cost of travel and incidentals for one of Software solutions staff to perform the installation. Travel and incidentals will include airfare to and from Kenya, lodging in Bamako, per diem, and local transportation. Travel and incidentals are estimated at \$6000. Software support after the first year will be billed at 15% of the purchase price. Software support covers trouble shooting for data or program error, assistance to repair data errors, repairs to source code errors, minor enhancements and custom report creation. There are no additional administrative costs. The outright purchase of the source code will cost \$500,000 with support after sale. MFI's will not need source code for this system, unless they plan to perform radical changes to the interface, business logic, and/or reports on their own. Documentation and on line help is included free of charge. The cost for new releases will have to be re-negotiated at an upgrade price.

Mercury

CCCorp will charge MFIs in Mali \$ 20,000 per license for Mercury, installed in headquarter or branches. CCCorp will not invest in Mali for less than \$100,000 (commitment from 5 MFIs). In addition, Mercury is currently only delivered in English. It will cost between \$20,000 to \$80,000 for translation and localization of the product. This cost will have to be absorbed by the first MFIs requesting the system (or by a donor supporting the introduction of this software to Mali).

There is no additional cost for access to source code for translation and localization. A minimum support fee of two cents per transaction per year calculated against 75 transactions per member is charged. An institution with 10,000 customers would pay $10,000 \times .02 \times 75 =$ US\$15,000 per year. Additional administrative costs are billed at US\$110.00 per hour or \$ 850.00 per day. Documentation and on line help is included free of charge but is estimated at \$6,000 to translate. Data conversion is expected to cost at least \$15,000. The cost of future upgrades is included in the support fee. The cost of new releases will have to be negotiated.

Sibanque2

During this segment of the assignment, we again evaluated Sibanque2's costing arrangement to determine the details of the acquisition and support agreement. We met with Mr.



Sekou Diabate of JEMENI, and with Mr. Ousmane Traore the director of Kondo Jigima and APIM president.

JEMENI has used Sibanque1 for a number of years and Kondo Jigima is in line to receive the application in the near future. Centre International de Credit Mutuel (CICM) the French NGO organization that represents Sibanque2 provides the software to MFIs in Mali and developing nations in Africa under the following terms:

1. The software is licensed for use by one MFI and its branches.
2. Sibanque2 is not transferable to other MFIs.
3. The MFI must maintain sound portfolio management.
4. The MFI must agree to audits and inspections from an external expert.
5. The MFI must set up an internal auditing system.
6. The MFI must accept CICM staff training in the use of the software and in general accounting.
7. The MFI must provide regular information to CICM concerning problems, expansion, etc.
8. The MFI does not pay for CICM software support technical visits, but is expected to provide hospitality for its officers.
9. The MFI must maintain a 95% reimbursement rate.
10. The MFI must maintain 30% liquidity.
11. The MFI cannot open a new agency (branch) without authorization or informing CICM.
12. Each MFI must respect the operation's operating standards.
13. Each MFI's client must pay CFA 3,000 per year to support training cost.
14. CICM invites the MFI to annual training conferences. The MFI bears the cost of the airfare to France only. Room and board is provided by CICM.
15. Although the first two MFIs in Mali to receive the software, received it free of charge, there is now an annual fee of 500,000 CFA to use Sibanque2.
16. MFIs must engage in a 3-year agreement to use Sibanque2 with a 3-month separation clause if they wish to stop using Sibanque2.

2. Service Bureau

After-sales software support and access to MIS remain as important issues facing the MFIs. During this segment of the assignment, the possibility of initiating an in-country support base for MFIs using MIS systems was discussed with APIM, software vendors, MFIs and local IT shops. The following is an outline of the service bureau concepts discussed and conceptualized from these dialogues:

Service Bureau Options

1. Install a support team on site in Bamako responsible for installing, supporting and marketing MIS to MFIs



2. Install a support team on site in Bamako, responsible for administering licensed MIS to serve MFIs that do not have access to the software in an outsourcing capacity.

Option 1 requires:

1. Contracting qualified systems engineers from the software developers to recruit and train 2 national support staff to operate software and to perform all MFI support necessary for the software with the exception of coding the business logic in the system.
2. That the support team work under the guidance of the developer but independently employed by a local entity. MFIs using the support service will be expected to pay to sustain this service. These fees may also come from a portion of the vendor's support charges to the MFI for licensing and support.
3. Office space, office equipment, communication lines, computer equipment, staff members and other actual and operating costs.

Option 2 requires:

1. Contracting with the software developer to train at least one senior financial data entry operator to use all levels of the software.
2. That the operator is used exclusively for this function and based in an organization or local business where access to automated equipment is available.
3. Office space, office equipment, communication lines, computer equipment and sundries, and other actual and operating costs.
4. Licensed MIS system.

There remains more to be done to initiate a service bureau to provide systems support to MFIs in Mali. During this assignment, discussions were held with the APIM president to determine preliminary interest in the service bureau concept. Several local software firms were also contacted to assess their interest in hosting software support teams. The consulting team has designed the basic structure of the service bureau and has solicited input from interested parties to create a viable solution. The consultants have developed a more detailed report of the service bureau' concept, finding and recommendations for delivery to USAID.

3. Conclusions

MIS System

The consultants have amended the guide to contain the three banking software assessed in this segment of the study. These include Bankers Realm, Bank 2000, and Mercury. Of all the systems evaluated, Bankers Realm rates the highest in meeting Mali's MFI requirements.



Although Bankers Realm rates functionally and technically better than Sibanque2, there remains work to be done in adapting this system for Mali. The system must be translated to French, converted to the French accounting system, and reports required for Mali (BCEAO, CAS/SFD, etc.) must be configured. The vendor accepts to completely localize the product as part of the purchase price.

At this time, Sibanque2 is significantly easier to acquire. Where other systems require an up front purchase payment, Sibanque2 accepts minimal annual licensing fees and attractive arrangements for visiting support consultants and training. Sibanque2's performance, however, remains questionable. The MFI JEMENI currently uses Sibanque1. They were scheduled to install Sibanque2 at the beginning of January. They were, however, unable to install the software then because they were delayed in making their 2000 annual statements and were not able to determine the closing balance necessary to install the software in tandem. There were other technical problems, data conversion problems, and difficulties relating to the automated transfer of the account balances. There were also differences in the calculation of the repayment schedules in Sibanque2, when tested against Sibanque1. The MFI therefore plan to transfer Sibanque2 later in the year, providing these difficulties are resolved.

Whereas Bankers Realm is a proven commercial banking software, sold and supported by a business entity, Sibanque2 is promoted by a non-commercial entity. Sibanque2 originated from a French Mutual Credit organization that was formed to support French credit unions in the east of France just after WWII. Years later in 1979, African MFI partners requested system support for their organizations. The French Mutual Credit organization is not a foundation. Centre International de Credit Mutuel (CICM) was established as a foundation to facilitate donor support to developing nations and other French national philanthropically endeavors. CICM is funded by 18 French credit federations, the World Bank and the *Agence Francaise de Developpement*, CICM has since provided Sibanque1 and software support to a few MFIs in Mali, Senegal, Congo, and CAR. CICM has also attempted to install the software in Guinea and the Ivory Coast. Since 1996, Sibanque1 has only been installed in two MFI in Mali; Kafo Jiginew in Koutiala and JEMENI in Bamako. CICM now aims to install Sibanque2 in Kondo Jigima in April 2001. They also wanted to demonstrate the software to all of APIM's members during APIM's general assembly in January, but were not able to do so. They are scheduled to demonstrate this software in the July 2001 APIM General Assembly. Weidemann Associates, Inc. recommends that APIM also invite other developers such as the developers of Bankers Realm and Bank 2000 to demonstrate their software at these assemblies.

CICM benefits from donor support especially from the World Bank to distribute software to developing countries. CICM has not been very insistent on promoting the software. Before distributing the software to a wider market, the organization benefits from the research and development and in field-testing the software, in receipt of client feedback, to build a better and more competitive product for future sales. Already CICM is asking CFA 500,000 a year in licensing fees to acquire the software. This cost is expected to escalate, bringing the purchase price closer to competing systems such as Bankers Realm.

It is possible that Software Strategies will match or come close to a financial arrangement such as Sibanque2 since Software Strategies is very interested in establishing their presence in



the West African banking and MFI market. Once the localization is made to Bankers Realm and Bank 2000, and if the costing becomes more competitive, then Bankers Realm will be a very good choice for the MFIs that need these systems' functions.

MFI Operating Systems

Weidemann Associates, Inc. finds that MFIs in Mali are in a relatively early development stage. Installing an information system will require many policies and operational procedures to be defined precisely, and applied uniformly to particular groups or situations. Some of these decisions will likely require board approval, accompanied by appropriate information and analysis. For example, for MFIs at the stage of development as those in Mali, it is common for late payment penalties to be poorly defined and unevenly applied. In this case an MIS system like Bank2000 should not be reprogrammed to reflect this reality, rather the MFI will need to change policies and enforcement to comply with standards and procedures already captured in the software. Changing the policy, the easy part, may take several weeks. Enforcement changes are more complicated and will take more time.

Service Bureau

Discussions were held with CCCorp, Software Solutions, Mr. Traore, as APIM president, and several commercial IT businesses on the service bureau concept for Mali. CCCorp and Software Strategies provided financial arrangements and costing for their involvement. Mr. Traore, as APIM president, would support establishing a technical support team and computer stations to support MFIs that do not have the facility to operate computers. No such known service bureau agreement has been conceived through CICM although they are sending an agent to support Sibanque2. Mr. Traore accepts the value added to Mali's MFIs by having access to a local service bureau that is capable of supporting multiple MIS. Limits in the telecommunications system in Mali, could limit the ability of MFIs outside of Bamako accessing these services, however a locally based service bureau is still a lot more accessible than foreign support.

APIM could be involved in establishing and should be involved in promoting the services of a service bureau. It is difficult for representational organizations such as APIM to be involved in the day-to-day operations necessary to maintain and optimize the use of service bureaus. Because a service bureau is very commercial in nature, it is better if a commercial entity that already has experience in this type of work manage the service bureau. Mali's commercial computer establishments are well leveraged to negotiate with external developers and motivated to provide high quality service for long-term gain. APIM could assist the service bureau to reach terms of agreement that are attractive to MFIs and to provide easy access through the market of member MFIs in APIM.

Weidemann Associates, Inc. under its USAID Mali contract may assist in designing and establishing the service bureau. Weidemann should not decide which software package is best for the MFI and will not engage in exclusive licensing agreements. Weidemann Associates, Inc. should instead be concerned with the details of establishing a sound support team, determining what resources are required, how this team should be funded for sustainability, and options for



software acquisition. Weidemann Associates, Inc. could also look for Malian software companies that may be interested in managing the service bureau.

Software Strategies has expressed interest in establishing a support base for its software in Bamako. This however is contingent on the volume of activity they acquire. CICM has sent a person to support Sibanque2. These developer-supported initiatives are also viable options worth perusing. If these developers find that there is not enough market to establish a support center, then they may opt to work with an established service bureau that represents and supports other MIS. We therefore find that the best option is to look for national independent software companies willing to engage in competitive commercial software support arrangements with one or multiple vendors.



VI. Next Steps

1. Once the guide is updated and published, it will remain open to absorb software updates and new competing software. There is probably no need at this time to search for other software that meets more than the leading 90% of the requirements. Software vendors working to localize and increase the quality of their products will probably bring the products being used in Mali substantially closer to the 100% requirement level. We do, however, recommend that the software in use be reviewed periodically and updated in the guide to give MFIs a current view of the software available.
2. A French national agent is being stationed by CICM in Mali for at least a year to support users of Sibanque2. Our understanding, however, is that this agent's role is more marketing and promotion, than technical support. This effort, however, would be the first from any developer of the systems assessed to engage in local support and we recommend observing its progress and impact.
3. We recommend that APIM invite other qualifying software providers, and especially Bankers Realm, to demonstrate their products at its General Assembly meetings. This will offer these vendors an equal opportunity to promote their products to the MFIs. This measure also motivates the software developers to become more cost competitive, hence affordable to the MFIs in Mali.
4. We recommend focusing during the next 2 to 3 months on helping the MFIs understand what computerized MIS will require and helping them make the best possible decision of which software is best for their institution. MFI's should appreciate assistance in evaluating costs versus anticipated performance. MFI's will also need assistance in deciding how to finance especially high price systems such as Mercury or Bank2000, which cost in excess of \$US1,000 per month for maintenance, and above \$50,000 for initial installation.
5. The service bureau concept has just been introduced to support MFIs using portfolio management MIS in Mali. This effort should be continued as a next step. The USAID/Mali MF contract (with Weidemann Associates, Inc.) may also be instrumental in pairing interested national businesses with vendors wishing to promote, sell and support software sales to MFIs. Weidemann Associates, Inc. may also be instrumental in providing more in terms of reference for a service bureau structure, to include job descriptions, budgets, and acquisition planning.
6. We recommend that USAID/Mali and Weidemann Associates, Inc. assist in designing and finalizing the service bureau concept and service agreements necessary to fully establish a sustainable service bureau in Mali that supports software chosen by MFIs.



Annex 1: Report of Systems Surveyed by Topic

Category/ Topic	AMA	B00	BR	CVA	MER	MB1	MB2	NYE	SB1	SB2
Data to be entered into the system	67%	88%	89%	42%	84%	80%	81%	70%	77%	78%
Plan of Account	100%	96%	96%	100%	84%	100%	100%	100%	96%	96%
Individual account	77%	94%	94%	20%	83%	87%	87%	77%	83%	90%
Client	64%	72%	78%	20%	77%	70%	75%	45%	75%	75%
Loan File	95%	99%	99%	20%	97%	95%	97%	76%	91%	91%
Transactions	91%	97%	97%	91%	94%	91%	91%	91%	91%	91%
Agency	20%	100%	100%	20%	96%	20%	20%	20%	20%	20%
Rate conditions	20%	60%	60%	20%	60%	100%	100%	80%	80%	80%
Functionality and Expandability	63%	99%	97%	29%	80%	71%	74%	44%	65%	73%
Functional completeness, appropriateness:										
Accounting Package	71%	96%	97%	58%	83%	79%	76%	71%	79%	85%
Portfolio tracking	75%	97%	97%	20%	81%	78%	85%	48%	83%	89%
Deposit monitoring	73%	99%	99%	20%	93%	95%	95%	31%	81%	81%
Customer information system	58%	94%	94%	20%	55%	55%	66%	41%	52%	62%
Expandability and institutional growth	57%	100%	100%	30%	93%	57%	57%	30%	57%	70%
Flexibility:										
Customer-centric vs account-centric	40%	100%	100%	20%	90%	85%	85%	30%	75%	90%
Institutional types to be supported	69%	100%	100%	32%	83%	69%	69%	32%	69%	69%
Flexibility:Lending methodologies	87%	100%	100%	20%	71%	87%	87%	54%	87%	87%
Loan interest types	65%	100%	100%	20%	74%	93%	93%	48%	86%	93%
Savings and deposit account types	93%	100%	100%	20%	72%	97%	97%	37%	86%	97%
Deposit interest types	41%	99%	99%	20%	100%	52%	52%	25%	41%	41%
Payment types	80%	100%	100%	27%	91%	87%	87%	35%	74%	74%
Payment frequencies	83%	91%	91%	20%	94%	83%	83%	65%	62%	62%



Computerization of Microfinance Institutions in Mali

	User Interface	58%	93%	100%	63%	91%	42%	45%	63%	47%	79%
	Reporting	73%	95%	97%	48%	86%	78%	77%	71%	72%	86%
	Reports	85%	99%	100%	31%	90%	88%	85%	73%	84%	88%
	Report generations BCEAO ratios & CGAP	65%	90%	90%	50%	79%	67%	68%	65%	64%	84%
	Report Generation	70%	97%	100%	62%	89%	78%	78%	74%	70%	86%
	Standards and Compliance	73%	93%	93%	51%	50%	72%	72%	66%	83%	87%
	Accounting soundness and standards	76%	89%	89%	38%	53%	80%	80%	68%	96%	96%
	Governmental and supervisory adherence	71%	96%	96%	64%	47%	64%	64%	64%	71%	78%
	Administration and Support	46%	92%	93%	31%	88%	60%	65%	31%	60%	47%
	Security	49%	99%	100%	22%	83%	71%	71%	22%	55%	62%
	Backup and recovery	42%	100%	100%	20%	84%	60%	71%	20%	64%	20%
	Fault tolerance and robustness	27%	93%	100%	23%	77%	47%	57%	23%	57%	20%
	End of period processing	44%	73%	73%	38%	100%	58%	65%	58%	63%	60%
	Support infrastructure and maintenance	45%	91%	90%	30%	83%	60%	54%	13%	51%	51%
	Version control and upgrade strategy	67%	98%	98%	51%	98%	67%	71%	51%	71%	71%
	Technical Specifications and C	61%	98%	99%	74%	93%	56%	63%	75%	58%	81%
	Technology and architecture	47%	93%	100%	69%	100%	35%	35%	71%	52%	84%
	Performance	47%	100%	98%	62%	78%	62%	64%	62%	51%	58%
	Number and Date Management	90%	100%	100%	90%	100%	70%	90%	90%	70%	100%
	Costs	71%	56%	52%	74%	48%	67%	68%	74%	86%	86%
	Pricing and costs	71%	56%	52%	74%	48%	67%	68%	74%	86%	86%

